



General Assembly

February Session, 2008

Substitute Bill No. 5801

* _____ HB05801PD_FIN031408 _____ *

**AN ACT CONCERNING DISCLOSURE OF INFORMATION FOR
VALUATION OF COMMERCIAL REAL PROPERTY.**

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-63b of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2008, and*
3 *applicable to assessment years commencing on or after October 1, 2008*):

4 (a) The assessor or board of assessors in any town, when
5 determining the present true and actual value of real property as
6 provided in section 12-63 of the 2008 supplement to the general
7 statutes, at any time, whether or not the town is conducting a
8 revaluation of all real property pursuant to section 12-62, which
9 property is used primarily for the purpose of producing rental income,
10 exclusive of such property used solely for residential purposes,
11 containing not more than six dwelling units and in which the owner
12 resides, [and with respect to which property there is insufficient data
13 in such town based on current bona fide sales of comparable property
14 which may be considered in determining such value,] shall determine
15 such value on the basis of an appraisal which shall include to the
16 extent applicable with respect to such property, consideration of each
17 of the following methods of appraisal: (1) Replacement cost less
18 depreciation, plus the market value of the land, (2) [the gross income
19 multiplier method as used for similar property and (3)] capitalization

20 of net income based on market rent for similar property, and (3) a sales
21 comparison approach based on current bona fide sales of comparable
22 property. The provisions of this section shall not be applicable with
23 respect to any housing assisted by the federal or state government
24 except any such housing for which the federal assistance directly
25 related to rent for each unit in such housing is no less than the
26 difference between the fair market rent for each such unit in the
27 applicable area and the amount of rent payable by the tenant in each
28 such unit, as determined under the federal program providing for such
29 assistance.

30 (b) For purposes of subdivision (3) of subsection (a) of this section
31 and, generally, in its use as a factor in any appraisal with respect to
32 real property used primarily for the purpose of producing rental
33 income, the term "market rent" means the rental income that such
34 property would most probably command on the open market as
35 indicated by present rentals being paid for comparable space. In
36 determining market rent the assessor shall consider the actual rental
37 income applicable with respect to such real property under the terms
38 of an existing contract of lease at the time of such determination.

39 Sec. 2. Section 12-63c of the general statutes is repealed and the
40 following is substituted in lieu thereof (*Effective October 1, 2008, and*
41 *applicable to assessment years commencing on or after October 1, 2008*):

42 (a) In determining the present true and actual value in any town of
43 real property used primarily for purposes of producing rental income,
44 the assessor, which term whenever used in this section shall include
45 assessor or board of assessors, [shall have power to] may require,
46 [subject to the conditions in subsection (b) of this section] and, in the
47 conduct of any appraisal of such property pursuant to the
48 capitalization of net income method, as provided in section 12-63b, as
49 amended by this act, that the owner of such property annually submit
50 [or make available] to the assessor not later than the first day of June,
51 on a form provided by the assessor, the best available information
52 disclosing the actual rental and rental-related income and operating

53 expenses applicable to such property. Submission of such information
54 may be required whether or not the town is conducting a revaluation
55 of all real property pursuant to section 12-62. The assessor may grant
56 an extension of not more than thirty days to file such information upon
57 determination that there is good cause, provided the owner of such
58 property files a request for an extension with the assessor not later
59 than May first.

60 (b) Any such information related to actual rental and rental-related
61 income and operating expenses and not already a matter of public
62 record which is submitted or made available to the assessor shall not
63 be subject to the provisions of section 1-210 of the 2008 supplement to
64 the general statutes.

65 (c) If upon receipt of information as required under subsection (a) of
66 this section the assessor finds that such information does not appear to
67 reflect actual rental and rental-related income or operating expenses
68 related to the current use of such property, additional verification
69 concerning such information may be requested by the assessor. All
70 information received by the assessor under subsection (a) of this
71 section shall be subject to audit by the assessor or a designee of the
72 assessor. Any person claiming to be aggrieved by the action of the
73 assessor hereunder may appeal the actions of the assessor to the board
74 of assessment appeals and the Superior Court as otherwise provided in
75 this chapter.

76 (d) Any owner of such real property required to submit or make
77 available information to the assessor in accordance with subsection (a)
78 of this section for any assessment year, who fails to submit such
79 information or fails to make it available as required under said
80 subsection (a) or who submits information or makes it available in
81 incomplete or false form with intent to defraud, shall be subject to a
82 penalty [assessment] equal to a ten per cent increase in the assessed
83 value of such property for such assessment year. Such penalty shall be
84 added to the assessment of such property in the last completed grand
85 list and applied pro rata in the current assessment year.

This act shall take effect as follows and shall amend the following sections:		
Section 1	<i>October 1, 2008, and applicable to assessment years commencing on or after October 1, 2008</i>	12-63b
Sec. 2	<i>October 1, 2008, and applicable to assessment years commencing on or after October 1, 2008</i>	12-63c

PD**Joint Favorable Subst. C/R****FIN**